

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

## Media Excerpts: A snapshot of state and national energy issues\*

**Beat the heat through energy conservation, PSC says.** Kentucky's electric utilities are meeting demand for power. Kentucky's electric utilities report they are having no trouble meeting the high demand for power created by the hot and humid weather that has settled over the state, the Kentucky Public Service Commission (PSC) says. However, to help reduce the demand for power so that it does not exceed the utilities' ability to provide it, the PSC is encouraging consumers to conserve energy and, at the same time, lower their utility bills. A heat wave over much of the nation has led to record high electric demand this week in several states, including California, Texas and New York. With temperatures in Kentucky expected to be near 100 degrees on July 19 and 20, electric usage in the state could also reach record levels. ("Beat the heat through energy conservation, PSC says," *Public Service Commission Press Release*, 7-18-06)

**Southern leaders release new plan to achieve American energy security.** The Southern States Energy Board (SSEB), chaired by Governor Ernie Fletcher and comprised of governors and state legislators from 16 southern states and two territories, today released a critically-acclaimed study of America's liquid transportation fuel options. The *American Energy Security Study* presents a comprehensive plan for United States energy security through the production of ultra-clean liquid transportation fuels from domestic resources, and sets an aggressive timeline for achieving energy independence by 2030. "The U.S. is endowed with the largest energy resources in the world, including biomass, coal and oil shale," Governor Ernie Fletcher told the assembled policy makers at the Board's annual meeting in New Orleans. ("Southern leaders release new plan to achieve American energy security," *Governor's Press Release*, 7-17-06)

**Clean-coal plant bids soon to be whittled: Kentucky hopeful about FutureGen.** Kentucky officials could know as early as next week whether a site in Henderson County will make the short list for the FutureGen clean-coal project, according to a consortium that will help design and build the power plant. Twelve sites from seven states are competing for the \$1 billion, near-zero-emissions plant, which is expected to create more than 1,300 construction and 150 permanent jobs. The U.S. Department of Energy and the FutureGen Industrial Alliance, a group of coal companies and utilities, are evaluating the sites. The winner should be named next year. Kentucky feels good about its chances of surviving the first cut, said Commerce Cabinet spokesman Chris Gilligan. ("Clean-coal plant bids soon to be whittled," *Courier-Journal*, 7-19-06)

**Official: Ethanol plant very likely here.** Henderson is likely to end up with an ethanol plant, the region's chief economic development agent predicted Thursday. "It's not a question of 'if' but 'where' and who owns it," Kevin Sheilley, president and CEO of Northwest Kentucky Forward, told the Henderson Riverport Authority. "I think there are too many positives working in the right direction for that not to occur," he said later. Three groups - two unidentified parties code-named Project Colonel and Project Major plus a group of local farmers that have banded together as Northwest Kentucky Agricultural Energy - have each expressed interest in constructing a plant here to convert corn to ethanol, an alcohol fuel that can be used as an additive for gasoline. "We're looking for opportunities to combine two or three of the projects" into a single plant, Sheilley said. ("Official: Ethanol plant very likely here," *Evansville Courier Press*, 7-14-06)

**Ethanol fuel presents a corn-undrum.** Corn ethanol yields an energy dividend but gains are higher with soy biodiesel. A new study shows five university researchers have taken a stand in the long-running debate over whether ethanol from corn requires more fossil fuel energy to produce than it delivers. Their answer? It delivers 25 percent more energy than is used (mostly fossil fuel) in producing it, though much of that 25 percent energy dividend comes from the production of an ethanol byproduct, animal feed. But the net energy gain is much higher -- 93 percent -- from biodiesel fuel derived from soybeans. ("Ethanol fuel presents a corn-undrum," *University of Minnesota News*, 7-19-06)

**US Energy Secretary: Iraq's oil production recovering.** The U.S. Secretary of Energy says it may take about six months to restore Iraq's oil output to pre-war levels of 2.5 million barrels a day. Samuel Bodman made the comments in Baghdad Tuesday, where he called Iraqi estimates that they could boost production to three million barrels a day "optimistic." Bodman also said Iraq is working on a new "hydrocarbons law" intended to set a legal framework to attract and regulate badly needed investment by foreign oil companies. He said Iraqi officials hope to finish the law by the end of this year. ("US Energy Secretary: Iraq's oil production recovering," *Voice of America News*, 7-18-06)

**Toyota to pursue plug-in Hybrid vehicles.** Toyota sees a future in plugging in vehicles -- instead of simply pulling in for gas. Already a leader in the hybrid market with its Prius sedan, Toyota Motor Corp. plans to develop a hybrid vehicle that will run locally on batteries charged by a typical 120-volt outlet before switching over to a gasoline engine for longer hauls. The technology is far from being ready -- and there's no timeline for when such cars might be offered for sale. Still, the automaker is taking a serious look at another idea aimed at reducing motorists' dependence on gasoline: flexible fuel vehicles capable of running on E85, an alternative fuel made of 85 percent ethanol. ("Toyota to pursue plug-in Hybrid vehicles," *ENN*, 7-19-06)

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## Kentucky Retail Fuel Prices (Dollars per gallon)

| Product               | 07/19/06 | 07/12/06 | 07/05/06 | 06/28/06 | Year Ago |
|-----------------------|----------|----------|----------|----------|----------|
| Gasoline (State avg.) | 2.932    | 2.902    | 2.856    | 2.795    | 2.218    |
| Ashland               | 2.862    | 2.932    | 2.887    | 2.820    | 2.261    |
| Covington             | 2.994    | 2.975    | 2.895    | 2.833    | 2.292    |
| Lexington             | 2.936    | 2.869    | 2.849    | 2.828    | 2.196    |
| Louisville            | 3.039    | 3.009    | 2.963    | 2.916    | 2.218    |
| Owensboro             | 2.852    | 2.813    | 2.750    | 2.696    | 2.161    |
| Diesel (State avg.)   | 2.893    | 2.880    | 2.852    | 2.807    | 2.331    |
| Ashland               | 2.881    | 2.859    | 2.852    | 2.797    | 2.325    |
| Covington             | 2.871    | 2.883    | 2.851    | 2.812    | 2.338    |
| Lexington             | 2.910    | 2.911    | 2.902    | 2.819    | 2.356    |
| Louisville            | 2.891    | 2.889    | 2.880    | 2.807    | 2.317    |
| Owensboro             | 2.894    | 2.849    | 2.801    | 2.820    | 2.317    |

**Note:** The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

**Source:** Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

## Wholesale Fuel Prices

| Spot Prices                     | 07/19/06 | 07/12/06 | 07/05/06 | 06/28/06 | Year Ago |
|---------------------------------|----------|----------|----------|----------|----------|
| Crude Oil (Dollars per barrel)  | 72.67    | 74.95    | 75.19    | 72.19    | 56.73    |
| West Texas Intermediate, fob    |          |          |          |          |          |
| Natural Gas (Dollars per MMBtu) | 5.890    | 5.660    | 5.570    | 6.040    | 7.730    |
| Henry-Hub                       |          |          |          |          |          |

**Source:** [Oilenergy.com](http://Oilenergy.com)

| Futures                         |          | Aug-06 | Sept-06 | Oct-06 |
|---------------------------------|----------|--------|---------|--------|
| Crude Oil (Dollars per barrel)  | 07/19/06 | 72.66  | 74.77   | 75.74  |
| Light Sweet Crude Oil           | 07/12/06 | 74.95  | 76.06   | 76.69  |
|                                 | 07/05/06 | 75.19  | 76.16   | -      |
| Natural Gas (Dollars per MMBtu) | 07/19/06 | 5.862  | 5.984   | 6.269  |
| Henry-Hub                       | 07/12/06 | 5.782  | 5.992   | 6.382  |
|                                 | 07/05/06 | 5.765  | 6.038   | -      |
| Propane (Cents per gallon)      | 07/19/06 | 117.00 | 118.25  | 118.25 |
|                                 | 07/12/06 | 115.75 | 117.00  | 117.00 |
|                                 | 07/05/06 | 117.50 | 118.00  | -      |
| Coal (Dollars per ton)          | 07/14/06 | 46.80  | -       | -      |
| Central Appalachian             | 07/07/06 | 46.65  | -       | -      |
|                                 | 06/30/06 | 47.75  | -       | -      |

**Source:** [NYMEX closing price](#) and [EIA Coal Futures](#)

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